THE THEORY OF PARTNERSHIP - WHY HAVE PARTNERSHIPS?

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1   Introduction

This chapter explores some of the theoretical and policy issues concerning the reasons for developing and operating partnerships. In particular partnerships to promote urban and rural regeneration or economic development are analysed as these involve a wide range of actors (including central or federal government, local government, the private sector, and local communities) and the underlying issues that they deal with are multifaceted. Many case-studies of such partnerships exist (see for example, Wannop, 1990), however the more general theoretical basis for understanding and analysing them remains poorly developed.

Partnerships approaches have received widespread support from across the political spectrum, including policy makers, officials and local communities. They are likely to remain high on the policy agenda at all levels (see for example, Audit Commission, 1991). At the supra-national level the European Union (EU) promotes partnerships as it operates with and through Member States and more local agencies to achieve its policy aims, taking account of national rules and practices (CEC, 1996). At the national level in many countries, including the UK, there has been government pressure to move away from public provision of services towards joint private-public partnerships or greater private provision.

At the local level continued or greater involvement in partnership approaches is likely between public bodies and/or private bodies and non-governmental organisations due to pragmatic factors such as resource constraints, as well as more ideological factors (see Leach *et al*., 1994). These factors include: a belief in the overall advantages of a partnership approach; the move towards enabling local government (where publicly funded services are implemented by private or not-for-profit bodies rather than by the public sector); a recognition that any one local actor often does not have all the competencies or resources to deal with the inter-connected issues raised in many policy areas; and greater agreement that urban regeneration should include the genuine participation of the local community. However the theoretical and empirical validity of these views needs further analysis. Indeed, in order to fully understand the behaviour and policies of organisations involved in economic development and regeneration it is necessary to

consider the nature of their relationships with networks of and partnerships between other actors, including the flows of resources, power, and information within these networks.

While each partnership is a function of particular historical, economic, social and political contexts, there are many common trends. The natures of partnerships, particularly "private-public partnerships" but also partnerships between quasi-public and/or public agencies, are altering due to changing global economic patterns, government funding and changing economic structures, in both the US (Weaver and Dennert, 1987) and the UK (Harding, 1990; McQuaid, 1994, 1998). One broad context for the growth of partnerships is the transformation of central-local government and changing state-private sector relationships, in which partnerships may be the result of, but in other cases the cause of, such changing relationships. Indeed this has given rise to a paradox concerning the fragmentation of publicly funded agencies and the multifaceted nature of issues that government must deal with. This apparent paradox is that there has been a move in recent decades for many government functions to be delivered through Quangos or other agencies with a narrow range of objectives so as to increase focus, accountability and effectiveness[1]. Yet due to the multifaceted nature of the issues and problems being dealt with, these agencies must generally work in various forms of partnership to effectively tackle the issues. However, as discussed below, these partnerships cloud accountability, reduce focus and influence overall efficiency and effectiveness unless the partnerships are carefully designed and operated[2].

The remainder of this chapter explores some of the factors that are useful for understanding partnerships in different circumstances. Section 2 discusses what is meant by the term partnership. Section 3 sets out a framework of typologies for analysing them. Sections 4 and 5 consider why urban economic development policies might use partnerships, by analysing their potential advantages and disadvantages respectively. Section 6 considers some of the theories concerning why different actors with differing motivations and objectives may work together in partnership and the implications of the theories for the development of partnerships. Section 7 presents the conclusions and discusses areas for future research.

2   Definitions Of Partnership

The term "partnership" covers greatly differing concepts and practices and is used to describe a wide variety of types of relationship in a myriad of circumstances and locations. Indeed, it has been suggested that there is an infinite range of partnership activities as the "methods for carrying out such (private-public) partnerships are limited only by the imagination, and economic development offices are becoming increasingly innovative in their use of the concept" (Lyons and Hamlin, 1991, p.55)3. This section considers some general and policy-orientated definitions of partnership in the context of economic development and regeneration.

There are a number of assumptions underlying definitions of partnership. Firstly, the potential for synergy of some form, so 'the sum is greater than the parts'. Secondly, the partnership involves both development and delivery of a strategy or a set of projects or operations, although each actor may not be equally involved in all stages. Thirdly in public-private partnerships the public sector are not pursuing purely commercial goals. So a criteria of partnership is the presence of social partnership (so excluding purely commercial transactions).

Partnership involves co-operation, i.e. "to work or act together" and in a public policy can be defined as co-operation between people or organisations in the public or private sector for mutual benefit (see Holland, 1984). Harding (1990) sets out a similar general definition of 'private-public partnership' as "any action which relies on the agreement of actors in the public and private sectors and which also contributes in some way to improving the urban economy and the quality of life" (p.110), although he argues that this has limited conceptual value. Bailey (1994) provides a working definition of private-public partnership in urban regeneration as "the mobilisation of a coalition of interests drawn from more than one sector in order to prepare and oversee an agreed strategy for regeneration of a defined area" (p.293).

Taking an economic development perspective, Sellgren (1990) defines partnership as a scheme with involvement or funding from more than one agency. Bennett and Krebs (1994) similarly stress the joint objectives of the bodies and defines partnership as co-operation between actors where they agree to work together towards a specified economic development objective and

draw the key distinction between generalised policy communities that develop a broad local vision for the area or local economy and the specific networks (or partnerships) that are necessary to support individual projects.

There are a number of further definitions which take a policy perspective. One that shows the wide scope of partnerships and the contributions of partners is from the Commonwealth (State) of Massachusetts which says "(A) partnership is a collaboration among business, non-profit organisations, and government in which risks, resources and skills are shared in projects that benefit each partner as well as the community" (Stratton, 1989). Other policy definitions may try to define more closely the range of actors involved, the geographical areas covered and any power that is devolved.

Within the context of urban in areas of multiple deprivation, the UK Government has defined the partnership approach as involving the "voluntary commitment by the wide range of bodies with a contribution to make to urban development or regeneration (including local communities, the local authorities, Government departments and agencies and the private sector) to an agreed comprehensive long-term regeneration strategy for their areas" (The Scottish Office, 1993, p.6). This approach incorporates a range of issues which will be further considered below. These include: the voluntary nature of the relationships; the wide range of participants, ranging from the community to the private sector (the voluntary sector is only mentioned elsewhere in their document), local government, national government departments and quasi-autonomous non-governmental organisations; the need for an agreed strategy; the long time scale; and agreed contributions of resources (presumably in a variety of forms) to the process, although it omits the sharing of risks.

At European Union level, one of the European Commission's three main principles in its guidelines for its structural policy was "to implement a partnership with all the parties involved in structural policy, especially the regional authorities" (CEC, 1987). It went on to define the term partnership in its framework Regulation for reforming the Community's Structural Funds as "close consultation between the Commission, the Member States concerned and the competent authorities designated by the latter at national, regional, local or other level, with each

party acting as a partner in pursuit of a common goal" (CEC, 1989, p.15; CEC 1996). Hence this type of partnership implies both consultation and action at a local level, as will be discussed below.

Others, such as Atkinson (1999), argue that there are varying meanings of words such as partnerships and the meaning assigned to partnership in urban and rural regeneration in the UK is an exercise in power which reinforces social relations. He argues that there is no single authentic mode of assigning meaning to terms such as partnership and that their meaning is constructed in the context of power and domination where official discourses have privileges over others. However, while such analysis is useful the degree of influence of such official discourses or documents may vary in different circumstances, and what is omitted from the documents may often be fundamental to its operation. Also the real level of influence by different actors at the local level is dependent upon many factors beyond those set out in documents. It is usually the underlying relationships which develop before, during and after any strategy document is written that are more significant than the documents themselves. In addition different actors within a partnership may have different views on its purpose, operation and power structures (McQuaid and Christy, 1999). Hence, partnership remains a varied and ambiguous concept.

In order to refine the concepts underpinning differing types of partnerships it is necessary to consider some of their key dimensions or characteristics. Otherwise we may be left at one extreme with such a wide level of generality that few lessons can be learnt, or at another extreme with a series of specific case studies which do not fully consider the external environment and possible underlying principles and pressures affecting partnerships. The next sections sets out some such key dimensions which help define broad types and characteristics of partnerships.

3   Types of Partnership

This section considers a range of parameters which are useful for analysing partnerships or developing models of them, in the context of urban regeneration and economic development.

Each partnership has many dimensions. In order to try to capture the richness of various forms of partnership this section sets out a range of dimensions to partnerships which can be combined to form a set of characteristics of a partnership. Hence any individual partnership is a combined of these different dimensions and there are large differences between partnerships and within a partnership over time.

Five main dimensions of partnership are now discussed: a) what the partnership is seeking to do, i.e. its purpose and whether it is strategic or project driven; b) who is involved, i.e. the key actors and the structure of their relationship in the partnership; c) when i.e. the timing or stage of development of the partnership process and changing relationships and activities over time; d) where, i.e. the spatial dimension; e) how the activities are carried out, the implementation mechanisms (table 1). A further set of characteristics, the expected benefits of the partnership, are considered in the next section. Each of these dimensions for analysing partnerships also have themselves a number of axes, or sub-dimensions. However, there is a balance to be drawn between increased complexity (and realism) and clarity of any typology of partnerships. Finally each of these components will have direct implications for the efficiency and effectiveness of a partnership and for the balance of power within it, and so can help form a basis to analyse these issues.

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a) What the partnership is seeking to do?

Purpose

The main dimension along which we can classify partnerships is their purpose. The purpose of entering into a partnership may be to gain extra resources for an area, project or organisation, to release synergy through collaboration and joining various types of resources, or to transform one or more of the partner organisations. This may include letting them act more entrepreneurially through loosening some constraints and introducing new ways of doing things which are more effective or efficient (see for instance: Mackintosh, 1992; Hastings, 1996).

The implicit purposes of the partnership are also important. These may be to improve effectiveness or efficiency, to attract additional resources into the area, to manipulate one of the partners to supporting your activities, or to overcome local opposition. Clearly issues such as how and by whom the components making up the overall remit are set are important. Differences in focus between partners are not necessarily mutually exclusive, although conflicts between aims are common and it is crucial for each partnership to be clear where its priorities lie.

The focus of a partnership may hence range from being exogenous to being endogenous. In broad terms then a purely exogenously focused partnership may seek solely to attract extra resources from outside the partnership, while a purely endogenously focused partnership would seek only to maximise the efficient use of existing resources and the synergy between these resources. Of course, most partnerships will have a combination of these purposes, but the relative importance of each will vary.

Strategic or programme/project driven

Partnerships may also be strategic, covering the broad aims of the organisations and dealing with major long-term issues or project/programme driven, involving only specific programmes or projects. For example, a partnership may seek to create and agree a broad development strategy for an area or it may be set up to develop and/or implement a particular project (such as the development of a business park).

Linked to the strategic or project focus is the range of activities or programmes the partnership is involved in . It may focus upon a single project (for example the redevelopment of a particular building) or a series of programmes affecting a range of factors influencing the "quality of life" for residents in an area. They may also focus on a narrow range of activities (e.g. building a business park, or business development) or a wide range. For example the Scottish Office (1993) sets out a range of economic and non-economic aims for partnerships to help regenerate urban areas, which include improving incomes and the quality of life for residents.

The underlying basis of the partnership

The underlying basis of the partnership may be a high level of trust, as in the view of partnership as a marriage which develops over time but is underpinned by trust and a mutual belief in the positive gains for both partners. Hence one partner may accept reduced short-term benefits if this leads to considerable gains for the other partners, although in the longer term there may be some expectation of a '*quid pro quo*'. There may be an expectation that the partnership will continue even if its focus and rationale changes over time, i.e. the partnership process may be seen as almost and end in itself. Other partnerships may be termed '*real politik*' and based upon self interest of the partners, so that partners may leave or the disintegrate once their gains cease or reduce. The rationale for partnerships is further discussed below.

b) Who is involved?

Key actors

A second dimension of partnerships considers the key actors. One issue is the range of actors. These include the key agencies such as central and local government, government funded agencies, voluntary sector bodies, the local community (groups or individuals), and the private sector, but may include 'significant' individuals also. However, each of these groups may contain a variety of types of actors (see Ahlbrandt and Weaver, 1987). For instance, the role of the local community is accepted as essential in partnerships for areas such as those suffering multiple deprivation but the form of this contribution may vary and is discussed below.

The "private sector" is far from being monolithic and covers many types of organisation with differing motives and resources such as: firms located in or linked to an urban area, firms whose 'business' is urban regeneration, paternalistic firms, and organisations concerned with corporate social responsibility, or employer representative organisations (see for example, Askew, 1991). Types of firms also vary by control (locally owned or controlled firms to branch plants), size, or types of tie to the area (such as those tied to the local community for their income or labour supply, say, small shops or estate agents or those dependent upon wider markets). Also some firms have urban development and regeneration as a core business and seek partnerships, with the public sector or others, as a means of expanding their market. Others may be involved in partnership for less directly commercial reasons as they have a tie to the area. Within the private

sector more informal social networks may, however, be more common than formal partnerships (McQuaid, 1996). It is therefore important to identify precisely the types of actors and the type and manner of contribute to a partnership.

Structure of the partnership

Another continuum for considering key actors and their relationships in partnerships is the formal structure of the partnership, which may range from formal legally binding contracts, to unenforceable public agreements or general agreements to co-operate. Formal partnerships generally include specific objectives and mechanisms.

The Wester Hailes Partnership Agreement in Edinburgh provides an example. It sought to "maximise the number of local residents able to secure and retain employment both within Wester Hailes and in the wider Edinburgh economy and thus increase local income ....etc.", through mechanism which included "a new organisation that will provide and improve access to jobs, training, learning ...." (Wester Hailes, 1986). Later the partnership suffered internal tension, due to the lack of consensus that the area itself was an appropriate area to choose (as there had been strong political pressures for its choice compared to some other areas in the city), a lack of clarity of rights and duties of the partners and the place of the community within this, too many committees to attend (a significant resource cost for all, including the community) and uncertainty over the role of the professional support team (McGregor *et al.*, 1995).

A more rigid set of formal partnerships may be based upon a legally binding contract, particularly where there is a direct commercial transaction. In many cases partnerships are moving towards a legal basis with legal contracts binding partners to specific inputs and actions. However, there are dangers with this approach as in the USA the 'contract culture' has often led to a 'bureaucratic paperchase' and may reduce voluntary co-operation as each organisation seeks to protect itself from legal repercussions of it failing to meet the contract terms even if the situation has changed and a more appropriate activity could be carried out (Gutch, 1992, p.73). This emphasis on contracts also permits funding to be reduced with the implications, and sometimes blame, for this falling upon the contractor. There is also a question of whether contracts can help lead to increased trust by creating certainty and commitment and reducing the

risks for the partners, or to a breakdown in trust due to each party retreating to the conditions of the formal contract.

Besides the formal relationships between organisations, there are often a series of informal networks inter-linking individuals in the organisations. This is common, especially as those involved in partnerships, say in a community representative capacity may have political or social links with key decision makers in some of the agencies (Perrucci and Pilisku, 1970). These informal structures can have a significant impact upon the operation of partnerships, particularly by-passing or influencing official or agreed decision making procedures. Although these overlap with the informal working agreements between agencies and their staff, in this context informal structures can be seen as relating to individual actors participating in different networks.

Less formal agreements, which may be termed organisational networks rather than partnerships, may be more appropriate for relationship building between actors and information sharing. These take various form and often involve simply regular meetings of agencies who can then formally or informally report back to their own organisation.

Top-down or bottom-up development

An important aspect concerning key actors has been termed the process of mobilisation (Bailey, 1994). This is the process of creating partnerships through a top-down process (for example the initial impetus from a higher level of authority such as central government) or bottom-up catalytic process. The latter may mean seeking more autonomous control by local communities through locally based and developed strategies which use local resources, address local needs and reduce external dependency (Friedmann and Weaver, 1979). While many initial projects start with a top-down approach, the development of individual projects may have bottom-up characteristics. There have been many instances of UK central government funding key community workers to aid local capacity building so that local communities can generate their own initiatives and draw relevant bodies into partnerships, although most larger scale partnerships. Bailey (1994) goes on to develop a typology of partnerships covering development, development of trust, joint agreement/coalition/company, promotional, agency

and strategic partnerships, based upon level of mobilization (local/national etc.), geographical area of coverage, range of partners, and remit.

c) When?

A third set of dimensions is time. Over time key individuals may move or change their views and peoples' and organisational priorities change, so their role in a partnership may change. The stage of an initiative or policy at which there is co-operation can influence the balance of power within the partnership and contributions of partners. Holland (1984) separates the policy dimension in which the goals of the community are articulated and the operational dimension in which those goals are pursued. This can be termed policy formation with agreements focused on the overall aims, specific goals and implementation or how they are to be achieved, resource inputs, implementation mechanisms and organisational structure and monitoring and evaluation (see also Lyon and Hamlin, 1991).

Some of the main stages of developing a partnership includes the pre-development stage when the nature of the problem is investigated and the need, or otherwise, of a partnership is identified. During this stage trust between prospective partners needs to be created or developed and working relationships built. The following phase may be the development of the strategy and the formation of some form of partnership agreement. Next the appropriate strategy and agreement may be selected, along with the main projects and implementation mechanisms. The partnership and strategy then need to be implemented (arguably the most difficult part of the process). This is followed by *ex-post* evaluation which feeds back into improving the strategy and partnership and helps when the decision point is reached to continue, modify or close the partnership. Clearly these are only broad stages and each may overlap with others (for instance experience during implementation may reinforce or damage the trust between the partners).

At different stages of a partnership there will be different balances of power between actors. To illustrate, in the early stages when an initiative is being developed, all those 'around the table' will have potentially large influence as their involvement will often be considered important for getting the initiative started. However, the environment within which the key funders operate is

very influential (for instance, in ruling certain approaches out of discussion). When the initiative is agreed, then the views of the main funders are likely to become relatively more important, i.e. there may be a shift from the influential power of some actors (such as voluntary groups) towards a relative increase in the authoritative power of the main funders. Once a specific organisation has been set up to deliver the service, then that organisation's management becomes very powerful, even when there is a management board of the partners. Once the review stage of the initiative is entered, then the main potential funders regain much of their power as they have greatest influence over whether or not the initiative continues.

d) Where or whom?

Partnerships may focus on different scales of geographical area (for example concentration on a small area of urban deprivation or on the wider travel-to-work area). Others may focus on a particular client group within the area or across a wider area. They may focus on national level policies (or attempts to influence policy), such as social exclusion, discrimination or urban regeneration in a national context, or may focus on such issues at a local or regional level. Clearly the likely partners or other key actors will differ in each situation. There may also be tensions between local and national perspectives within each type of partner.

e) How? - Implementation mechanisms

A fifth dimension, or group of dimensions, of partnerships concerns implementation mechanisms. This involves who does what, including who provides resources and who controls them. The partnership may agree to co-ordinate and alter priorities of the partners' existing services, or at another extreme they may operate through a stand alone unit. These and hybrid mechanisms are common, although the latter will usually require a formal agreement. An example of the latter is the development and operation of a free-standing not-for-profit company to act as the secretariat of the East of Scotland European Partnership which helps co-ordinate and implement a major European Union funding programme in partnership with local actors and central government. (McQuaid and Christy, 1999).

In summary, given the huge diversity and ever changing nature of partnerships in urban economic development, one line of enquiry in order to get greater understanding is to narrow the focus down to individual or sub-groups of partnership along the dimensions discussed, while a complementary approach is to seek some general principles that may be applied to partnerships. A typology of partnerships should incorporate all of these factors. So, for example, if a partnership is described as 'exogenous' in order to add depth to this description it may also be seen as a strategic, formal, national partnership involving the public, 'third'- and private sectors and operating through a stand-alone executive. This paper next begins to consider some possible why a partnership may be set up.

4 Potential advantages of Partnership

An important questions is why should an organisation use a partnership rather than carrying out the activity by itself? This section considers some of the arguments in favour of forming and implementing urban economic development policies through partnerships. The main assumption for using partnerships is that the partners are not in a zero (or rather constant) sum game. By co-operating the total output is increased for a given level of resources (see section 5 for more detailed discussion). Also they are seen as allowing each partner to gain the benefits from co-operation, while still retaining their autonomy. Hence, the underlying basis for partnerships is therefore as a result of the partnership welfare in the community will be greater than otherwise[4]. In general, partnerships can be argued to be an effective way of overcoming market imperfections that are caused by externalities. Although if the market imperfections are overwhelming and permanent, the product indivisible, economies of scale are large, externalities are enormous, information is bad or impossible, and the market becomes monopolistic then Lyons and Hamlin (1991, p.61) argue that the government should provide the good or service directly. The main advantages of partnerships can be grouped as: resource availability; effectiveness and efficiency; and legitimacy.

a) Resources

First, the nature of the problems facing local economies are multi-faceted requiring a combined response from a number of private and public key actors in order to be effective and efficient. The economic, social and environmental and other problems faced by urban areas, particularly those areas suffering from multiple-deprivation, are often inter-related, overlapping and mutually reinforcing. Hence solutions aimed at one part of the system are unlikely to be fully successful due to the counteracting impacts of other factors. Partnerships between key actors are therefore essential in order to tackle the various causes (in as far as these can be tackled locally) as well as the symptoms of the problems of the local economy. Also formal or informal joint working or partnerships are important mechanisms to achieve complementarity and avoid wasteful duplication of effort.

Hence, the nature of the problems faced in urban regeneration require the use of a multi-agency or multi-partner approach. One example is the 'Programme for Partnership' setting out government policy for urban regeneration in Scotland, which states that:

"urban deprivation can best be tackled through a comprehensive, integrated, strategic approach which recognises the linkages between the physical, economic and social aspects of disadvantage ... the overall aim is to encourage a partnership approach to urban re-generation which will pursue these principles." (Scottish Office, 1995).

Such a view has underpinned much urban policy. In the case of the EU, there is an insistence upon partnerships between the agencies it helps fund to tackle poverty. One underlying principle of the Third Programme to Combat Poverty was the "... need for operations integrating every facet of poverty. Such integration should be achieved through co-ordinating policies and various public and/or private measures geared to encourage independence which is the basis for social reintegration of the poor" (CEC, 1988, p.9). The Programme specifically called for the schemes requesting assistance to be "... managed by a Steering Committee composed of representatives of all the bodies involved in carrying out the scheme ... who will undertake to complete a joint programme to combat all facets of poverty in their ... town" (CEC, 1988, p. 13) and this partnership should contain the active participation of the representatives of the disadvantaged.

More recent EU policy approaches have generated partnerships of local actors to develop and support urban and regional development programmes.

For separate partners, advantages include resources, effectiveness, legitimacy and conflict avoidance. Partnership allows a pooling of resources so that larger projects, or more aspects of a project can be tackled than is possible for an individual agency (or it allows the agency to devote some resources targeted at one policy to be released for use elsewhere). This is particularly important for UK local authorities who have seen their resources and flexibility of movement reduced since the 1970's (see Harding, 1990 for a brief review). While the agency may loose total control of its own resources, it may gain influence over a larger set of resources. Such 'leverage' of resources is often also a performance measure of local economic development agencies.

In addition to increasing the scale of available resources, partnerships may bring it different *types* of resources, such as information and expertise not available in an organisation. This may include legislative power, land, finance, or knowledge, alternative perspectives on the issues and contacts from local community participants or the private sector. Organisation such as Business in the Community in England and Wales and its sister organisation in Scotland have increased the capacity of the private sector to provide such resources to participate in partnerships. On the other hand, commercial partnerships with the private sector (such as development firms or perhaps local employers seeking to increase investment) may be used to increase the level of financial resources available for economic development in the community. In general a partnership may enable the partners to gain the benefits of economies of scale (for example in terms of finance, marketing, administration or production), but with the advantages of out the creation of maintaining the smaller scale organisations and avoidance of some of the diseconomies of scale. Countering this will be the transaction costs incurred and the loss of control of the organisations.

b) Effectiveness and efficiency

Depending upon the nature of the problem, partnership can greatly increase an individual organisation's effectiveness and efficiency, especially through improved co-ordination between (and within) organisations (see for instance, Webb, 1991), hence creating a synergy between the various bodies and reducing wasteful duplication. Hence both greater outputs and cost savings might be achieved.

Partnerships may reduce the confusion faced by people in identifying the appropriate agency by acting as an umbrella for people to approach. Also many initiatives use community activists and groups to become more responsive to user needs and so, for example, increase participation rates in training initiatives, as prospective trainees have greater confidence and trust in such groups and will respond to them rather than to an 'outside' agency. Hence this should increase the efficiency of the economy rather than being only a redistributive policy (especially when shortages for certain types of labour occur).

For certain policies such as promoting a city or area actual, or at least the appearance of, partnership between the various bodies and between public and private sectors is crucial to create a positive external perception (Kotler *et al.*, 1993). Partnerships also play an important role in breaking down the stereotypical views of partners towards one another, building trust and making joint working easier and more efficient, as well as improving understanding and knowledge of each others' organisation opening the possibility of better co-ordination and creation of synergy and new ways of joint working. Partnerships may also improve effectiveness, especially in the long term, through creating stability, building local confidence and minimising risk for partners and potential investors, and may be an important mechanism for building local capacity for action and control by the local community and other actors.

c) Legitimacy

Partnership can also allow greater legitimacy for policy as they may involve participants from the local community directly rather than through the representative democracy of Central and Local Government. Certainly where many policy implementation decisions are being made by

employed officials of an elected Central or local government or an unelected quasi-autonomous non-governmental organisations, then the legitimacy of the policies as seen at the local level can be enhanced through community participation (although this raises questions about the form of participation). However, partnerships may sometimes be used by government to bring in their supporters to influence local policies, for example by bringing in the business community or, on the other hand, community activists.

The creation and sharing of risks and rewards and incentives towards creating and participating in partnerships apply in varying degrees to different actors. For instance, McQuaid (1993) argues that strong incentives for local authorities to enter into partnership are provided by the possibility of bringing external resources into the area (e.g. funding, property, expertise, links to national support schemes etc.), avoidance of duplication, replication of good-practice in other joint initiatives, and hence more effective and efficient policy development and implementation. The local authorities themselves also provide resources, statutory powers, and democratic legitimacy to such partnerships.

This leads to wider questions concerning representative democracy, with, for example, shifts in control from an elected body (such as a local authority) to a non-elected new agency, even though it may have (unelected) community participation. This can however, be interpreted in terms of representative and more direct forms of democracy. Partnership may also result in strategy compromise with each partner concentrating upon its own perception of important issues, perhaps leaving gaps of unmet needs. These and other potential disadvantages of partnerships are now considered.

5 Potential disadvantages of partnership

There are many problems in working through partnerships (McQuaid, 1994; Hastings, 1996), which may vary according to the form of partnership. These include unclear goals, resource costs, unequal power, cliques usurping power, impacts upon other 'mainstream' services, differences in philosophy between partners and organisational problems.

a) Goals

A lack of clear aims or goals is often cited as a major cause of the failure of partnerships. Many partnerships have agreed broad aims, but their detailed goals may be unclear or the partners may have differing understandings of what the goals mean. This can rapidly lead to misunderstanding, lack of co-ordination, and possible conflict between the partners. This could be accentuated if some partners had undeclared, or 'hidden', agendas and were deliberately seeking to gain advantage over the other partners or seeking to achieve their own organisational goals, without supporting or reciprocating the efforts of their partners. Lack of clarity of goals and the means of achieving them may increase the likelihood or perception of other partners having a 'hidden' agenda.

In general each of the dimensions of partnership discussed earlier presents possibly difficult choices. For instance, how the term "community" is defined may have significant implications for the distribution of power. It may be difficult to identify the appropriate nature and level at which the community or private sector, or other, participate (for instance at the strategic or operational levels). National or regional agencies or representatives of the private sector may participate at the strategic level and have greater power than more local actors if the latter only participate at the operational level.

b) Resources costs

Next, there are considerable resources costs, for instance in terms of staff time in discussions and making agreements, and in delays to decisions due to consultation with partners. It may be difficult to close an inefficient or unsuccessful partnership, or even one whose objective has been achieved if all partners do not agree, as this may 'sour' relations elsewhere. There can also be problems of accountability as no single partner feels fully accountable for the actions of the partnership due to the split between responsibility and control (see McQuaid, 1997).

If each partner 'claims' the full success of the partnership (e.g. in terms of jobs created) but only considers its own costs then this may distort decisions. Hence the full social costs of the partnership needs to be aggregated and compared to the full social benefits, rather than each partner focusing upon its own costs and benefits.

c) Unequal power

In most partnerships there is unequal power (as discussed above). As Syrett (1997) argues conceptualisations of partnerships often fail to recognise the unequal power relations between social partners. Cadbury (1993) argues that the terms consultation and public partnership are often used interchangeably, but that partnership is a more involved form of participation with a wide range of meanings, and implies power being shared equally among all partners. She notes that while Partnership with the Community has been a crucial part of government policy although it is not a legislative requirement (for instance with the City Challenge policy).

Bennett and McCoshan (1993) argue that the partnerships between agents may be unequal as it may be more important for one partner than the other(s) or one partner can coerce or mandate the others (for example through providing or withholding finance). This however, may cause considerable tensions as one body seeks to alter another's priority (for example to alter education provision to reflect economic needs), particularly where a non-elected partner seeks to coerce a democratically elected body5. This issue of balance of power between partners is developed further in the section on disadvantages of partnerships below.

However, the presence of unequal power should not imply that all partners should necessarily have equal power. Some may have greater legitimate claim, due for instance to their greater involvement in the area, or have greater political legitimacy in the case of elected bodies. Also who should have equal power may be difficult to determine (for instance, should the voluntary sector as a whole or each individual voluntary organisation have equal power to, say, local government or the local community, within the partnership?). Although there are different types

of power, greatest power generally rests with those controlling resources. Often this will be a body far from the urban area itself (for example the national government or the EU). They are likely to dominate those in the local area who may have the greatest understanding of what is relevant and effective, albeit from a local rather than macro-perspective, and whose feeling of 'ownership' can be crucial to the initiatives success.

d) Cliques usurping power

A further set of dangers lies in the operation of the partnership. For instance the objectives or operation of a partnership may be usurped by some actors, cliques or groups (e.g. professional or community groups), resulting in outcomes that increase their benefits rather than overall welfare. There is also the familiar problem of decision making difficulties in groups whereby they may make irrational or sub-optimal decisions which the individuals themselves would not have done. Similarly, there may be a problem of the partnership lacking momentum as each actor relies on the others to push activity forward, resulting in none doing so. This is often countered by having a 'product champion' to use management jargon or a separate or a dedicated/assigned unit to develop the project.

e) Impacts upon other services

Another set of problems involves impacts upon other services. There is a wider problem for many urban economic development initiatives of marginalisation from the mainstream activities of the key agencies. Partnerships (especially those with stand alone implementation units) may be seen as an alternative to re-aligning mainstream services to deal with the issues, and yet the scale of and integration between mainstream services may be far more significant, especially in the long-run. Conversely the partnership may draw resources from other mainstream services or confuse the services in the minds of users, so reducing their effectiveness (i.e. there may be a significant opportunity cost). This problem is also linked to the scope of partners with, for

instance, local authorities having wide ranges of services and responsibilities, while others, such regional development agencies or community groups have much narrower responsibilities.

Indeed, the increase in numbers of agencies, often themselves formed out of partnerships, can be argued to have increased the fragmentation of services, with partnerships then being seen as the means to solve the fragmentation. For example, the rise of Enterprise Trusts, regional development agencies, LECs/TECs, trade and innovation support centres and others in providing business support services has caused confusion in the minds of some users (although once 'inside' the system this is often dissipated), so one solution is to set up a co-ordinating 'one stop' shop in the form of another partnership.

f) Organisational difficulties

Organisational difficulties inhibiting successful co-ordination of programmes and approaches, and overcoming the specialist concerns of disparate organisations is a key implementation problem in public agencies working together. Jennings and Krane (1994) found that various barriers hindered co-ordination. These barriers were: organisational (these include differing missions, professional orientations, structures and processes of agencies); legal/technical (statutes or regulations set down by higher authority, and the technological capacity and practice of the organisation); and political (both external political environment but also internal bureaucracy politics). Managers had used a diverse variety of mechanisms to overcome these barriers. They argue that good management characteristics, particularly leadership and interpersonal relationships, are the main ingredients of effective co-ordination, but also they need to be combined with clear direction (a "vision of client service") and a clear division over responsibility of functions.

g) Differences in philosophy among partners

Finally, there may be significant differences in philosophy between the partners, such as in the degree to which they feel the market can solve urban development problems. These differences may become more apparent when difficult circumstances arise. For instance, in many local economic development partnerships there is a tension between those partners who may emphasise employment and wealth redistribution (e.g. through assisting certain groups to get better access to employment etc.) and those who emphasise employment and wealth creation6. In areas of urban deprivation or renewal the market has often clearly failed, so there is a question as to what degree can the market solve the problem, possibly leading to some conflict between their different philosophies and motivations (and need for varying incentives). This is perhaps a major reason for the generally poor contribution, in financial terms, of the private sector to many urban renewal initiatives. In initiatives to increase the growth of specific opportunities in an urban area, there may be more support for improving the workings of the market and thus less conflict.

Linked to this, there may be a problem of combining public and private management practices and philosophies within one partnership organisation, or a partnership without a clear contract (see for example, Bryson and Roering, 1987). One example is in the area of ethos or stricter ethics of the public sector (for example in the interpretation of conflicts of interests etc.), or in the way aims and objectives are set.

In summary, there are many potential problems in working through partnerships and which may vary by the type of partnership. These revolve around resource costs, power distribution (between bodies and over time), operational difficulties, impacts upon other services and the influence of differing philosophies of partners.

6 Some theories on partnership development

This section deals with some theories concerning the development of partnerships. In particular the theories of enforced co-operation and Game Theory are briefly outlined in a very basic form to illustrate the pressures aiding or hindering co-operation between actors in urban regeneration

and economic development policy. There are also a number of other related and overlapping theoretical perspectives that can assist the analysis of partnerships7.

The discussion then leads to consideration of some implications of such theories for helping to ensure such co-operation. These issues are especially important in the case of urban economic development as it is concerned with wealth and employment creation (preferably sustainable in economic, social and environmental terms), so the private sector and special interest groups (e.g. for the disabled) will play a major role. Their perspectives and input will need to be understood and incorporated within policy formation and implementation. Hence it is important to begin to understand those pressures aiding or hindering co-operation among the various actors, particularly where they have differing motivations and objectives.

a) Enforced co-operation

The main reasons for co-operation are the threat of a central authority, common objectives or (other) self-interest. This threat may be a positive (i.e. coercion) or negative factor. The 17th Century philosopher Hobbes (1651) argued that it was difficult to develop co-operation without a strong central authority. However, this philosophical perspective of the need to externally control mankind's nastiness and the usual state of war is countered by Jean-Jacques Rousseau's view of the uncorrupted 'noble savage' and a peaceful state. Adam Smith and Charles Darwin followed the Hobbesian view of competition between individuals. Biologists such as Ridley (1997) argue rather human minds are built by selfishness, but that they were built with the capacity to be social, trustworthy and co-operative, as this may benefit the individual. Hence, our institutions should be designed to draw out these instincts, such as to encourage social and material exchange between equals of enfranchised and empowered individuals.

In local economic development, co-operation can be forced onto the public or government funded agency (or community based group dependent upon public finance) through legislation or control of financial resources by Central or Local Government, and increasingly the European Union. Such financial control may be by making resources available (e.g. grants), or through

other controls (such as the UK capital expenditure restrictions on local government or budget controls on other funded bodies).

Many of the bodies involved will have similar objectives and motives which will include (in theory at least) improving the overall welfare of the area, so there will be a strong incentive to co-operate. This is likely to be the case where people in the various bodies share common values, such as officials in different tiers of local government. However, in practice a number of differences in organisational objectives, priorities, timing and other factors (including personal) or competition for power or resources etc., may inhibit such co-operation. So this alone may be inadequate to foster full co-operation.

Some key actors are not subject to such central authority or common motives. Private enterprises will have commercial pressures making their motives more 'selfish' (see the earlier discussion on types and motives of private sector organisations), while some pressure groups may be primarily concerned with the interests of their own members rather than the wider community. Although self-interest is a powerful incentive for partnerships offering advantages to the individual partners, these may be insufficient to encourage participation, even though this may lead to increased overall welfare. This would especially be the case if an actor can gain many of the benefits individually without participating. In other words, why should these actors co-operate where there is no effective central control on them or common over-riding motive to benefit the welfare of that community?

b) Game Theory

One area of economic theory that can structure the issues of inter-relationships and interaction is Games Theory. This is a huge and complex body of theory and only a brief discussion of the basic application to the Prisoner's Dilemma is possible here (see for instance Weibull, 1995 for more detail). Axelrod (1984) uses this Dilemma to argue that for individuals pursuing their own self interest, incentives for co-operation will be greater than for selfish behaviour (even without

central authority) under a wide variety of circumstances, including where the 'partners' are hostile.

The basic story of the Prisoner's Dilemma is basically that two accomplices arrested after a crime are then interrogated separately (see Luce and Raiffa, 1957, and Axelrod, 1984, for more detail and the full assumptions). These two players have two choices: to co-operate with each other or to defect. If one confesses (defects) and the other does not, then (s)he will get free (i.e. a high positive payoff, although note that these payoffs are endogenous to the model) but the other prisoner will get a heavy sentence (zero payoff). If both confess then they both get a medium sentence (low payoff), and if neither confesses then both get low sentences (medium payoff). The latter is the best solution for both prisoners together (they maximise their combined welfare). However, for each individual, it is in their interest to confess as: (s)he receives the worst outcome (a heavy sentence) if (s)he does not confess but his accomplice does; while (s)he gets the maximum payoff (goes free) if his accomplice does not confess. Hence, assuming that neither prisoner has moral qualms or fears revenge from the other prisoner, then each would choose to confess, resulting in a sub-optimal outcome for their combined welfare8.

However, if the process is iterated, say they are likely to be caught again, then co-operation becomes much more easy as there will be a strong incentive for both *not* to confess as in the future case they will know how the other reacted and base their behaviour (to confess or not) on what happened last time. So, the strategy for success for each depends entirely upon the strategy of their accomplice. If there is a strong central control mechanism, for example the accomplices are part of a gang which will punish anyone who confesses, then co-operative behavior between the accomplices will occur. Provided the game is repeated a number of times, that players can recognise and remember the results of previous encounters, that future payoffs are not greatly discounted, then co-operation will be mutually beneficial. Even if there is a short term cost to co-operation it will still occur if future retaliation for current defections is great enough. This forms the basis of a theory of co-operation based upon reciprocity.

Axelrod (1984) tested the Prisoner's Dilemma using a computer competition simulation (where the players were not in total conflict) and found that the most successful strategy was also the

simplest: start with co-operation in the first move and then do what the other player did in the previous round (tit-for-tat). Hence the winning strategy was for a player to always co-operate with a co-operative adversary, but if the adversary did not co-operate, then in the next move the player would cease to co-operate, but once the adversary returned to co-operation, the player should also return to it. Axelrod argued that the evolution of co-operation depended upon individuals having a sufficiently large chance of meeting again, so they have a stake in their future interaction (this can be applied to individuals within organisations as well as to the organisations themselves). The co-operation can be based upon reciprocity, but once established this can survive many different strategies used by the individuals and can protect itself from less co-operative strategies9. Game theory has develop considerably over recent decades although there is disagreement about interpretations and conflicting evidence (see for example, Axelrod and Dion, 1988 and Zupan, 1990), but the purpose here has only been to outline some of the basic notions and applicability of one approach to understanding why partnerships may come about.

c) Some implications of theory for partnerships

The discussion above suggests a number of factors which may promote or hinder partnerships (see McQuaid, 1999 for further details). First enlarging the 'shadow of the future', i.e. to increase the importance of the future relative to the present may aid co-operation. Stable co-operation is aided by frequent interaction between individuals. Organisations and hierarchies are said to promote this by binding people in long term multi-level relationships which increase the number and importance of likely future interactions. Hence constant changing personnel or their responsibilities may discourage co-operation. However, regional government (such as the Scotland Parliament) suggests greater potential future interaction among key actors.

Second, co-operation can be encouraged by changing the pay-offs, and by making deflections from co-operation more expensive. Where urban agencies or groups are involved in a number of different projects, then ceasing co-operation on one may have negative impacts upon other projects, hence co-operation is encouraged. In order to attract increased private sector

involvement, it is likely to be essential to change existing payoffs. Also if the costs of failure of a partnership are high (e.g. in terms of future loses, bad publicity, effect on other projects etc.) then a partnership is less likely to disintegrate.

Third, if however, the relationship is likely to come to an end then there will be a temptation to hold back, or behave more in your own interests rather than trying to maximise joint gains. Hence joint ventures are more likely to succeed if they are seen as a precursor to more intimate co-operation rather than as finite activities.

Fourth, writers such as Kay (1993) apply the Prisoners' Dilemma to joint-venture business relations, arguing that a long term relationship can overcome the dilemma and achieve the optimum outcome. In joint ventures the process is broken down into a sequence of small steps, with early meetings used to explore each others' attitudes, then offering whole-hearted co-operation and awaiting a response. If the other side fails to reciprocate, then not much has been lost and you can hold back in the future, but if they do reciprocate then you continue to give full co-operation, so gradually improving trust and establishing a co-operative relationship. Some other general lessons may arise from literature on strategic alliances for companies (Drucker, 1992). This also illustrates that co-operation need not be incompatible with competition. Intra-organisational co-operation is, in fact, necessary in order to compete effectively with external organisations and strategic alliances expand this circle of co-operation to incorporate (perhaps only temporarily) former competitors. Co-operation and competition can also remain at the same time, for example in sports leagues where teams compete fiercely, but co-operate to fight other forms of entertainment.

Fifth, local characteristics are also important in assisting public-private partnerships. Even where there is a will to co-operate, there remains the question of capacity to make a meaningful contribution, hence there is considerable emphasis on capacity building to enable more local communities to participate in economic development initiatives. Considerable work has been carried out on local capacity building for local community organisations. National 'social responsibility' private sector organisations have grown in capacity and importance and are often crucial to private inputs to economic initiatives (for example Business in the Community

leading, with the support of others, to the setting up of the Enterprise Trust network and more recently assisting in other regeneration initiatives). Local social networks may overlap with formal partnerships, and add incentives to them succeeding, although there is a danger of 'favouritism' amongst those in the network. Also numerous private companies have set up specialist divisions to develop partnerships with local authorities and others, especially in economic regeneration involving construction or as a means of getting access to development opportunities.

Finally, Nutt and Backoff (1992) argue that a 'mutualist' strategy by organisations of marshalling external and internal stakeholders is effective for a public agency in responding to turbulent environments in which needs are rapidly changing and collaboration is required to respond. Such a strategy is proactive and responds to a diverse and ever changing set of needs through actions to meet these needs (which describes the needs driven approach of much urban local economic development in the last decade). Such a strategy calls for "organisational relationships which jump across traditional lines of authority, creating complex structures" (p.96). This contrasts to a hierarchical management structure.

Overall, some key aspects of successful partnerships include: clarity of each organisation's own objectives and that of the partnership; agreement on the operation of the partnership (structure, resources, who is responsible for day-to-day management and longer term strategy); clear lines of communication and decision-making between each partner and the partnership (and each other); clear exit routes (when has the partnership achieved its objectives and then what is to happen to it); a supportive institutional infrastructure; a suitable system of incentives within and between organisations to encourage changed behaviour; and perhaps most importantly, trust between the partners.

7   Conclusions and further research

This paper considered some of the issues concerning, and key dimensions of partnerships in general, by particularly in the case of economic development and regeneration. It suggests that

there is a need to form frameworks both to allow more meaningful analysis of partnerships, to distinguish differing types of partnerships and to make partnerships more effective. However, this paper also indicates that, despite the diversity of partnerships, there are general dimensions that can begin to build towards a more general framework.

Without effective frameworks, there is a danger that much of the research on partnerships may be comprised of useful, but somewhat limited, studies analysing particular individual circumstances. Notwithstanding this further empirical evidence is needed into the levels of real benefits that partnerships do (or do not) offer. However, one clear conclusion is that care must be taken when trying to generalise about partnership - they are of such diverse forms and natures that generalisations may be treated with caution.

An apparent 'form and function paradox' was set out whereby the multi-functional nature of policies needed to deal with complex issues conflicts with the single function nature of the organisations, resulting in the need for new partnership forms of strategy development and delivery which then reduce some of the apparent benefits of having individual organisations. However, partnerships allow the bringing of non-public sector key actors, particularly the private, third sectors and local communities, and together with the other advantages of a well designed partnership discussed in the paper, these benefits can allow such an apparent paradox to be overcome.

The idea of partnerships deserves wide (but not uncritical) support, and the paper outlines some factors likely to assist in developing effective partnerships. However, some partnerships may be of an inappropriate type or may not be particularly effective or efficient, while others may consist more of rhetoric than substance. Success will depend upon how partnerships are led, legitimised, resourced, managed, and evaluated. These will vary according to local circumstances, the issues to be dealt with, the institutional framework, and of course, the partners themselves. Future directions for research will be in the development of more generalised models of partnership and, linking these to empirical studies, considering if and how the benefits and costs of co-operation and competition can be reconciled.

As this chapter has indicated, there remain many questions about the development and operation of partnerships which require further research. There are a number of roles that such research can undertake. It can help: improve our understanding of policy development and implementation; provide models that are useful for practitioners and researchers; us learn what type of partnerships are appropriate in differing circumstances and indeed if other forms of organisation are more appropriate; clarify the advantages and disadvantages of partnership approaches and how can these can be dealt with. This leads to some key questions for research which include: what is the appropriate type of partnership under different circumstances; what are the conflicts between administrative, functional and economic boundaries for partnerships; how can partnerships be made to work more effectively and efficiently; how can the benefits of partnership working be increased and the costs and potential pitfalls decreased; and indeed in what circumstances might the costs of partnership outweigh the benefits? Research needs to progress more towards answering such questions in the many different circumstances in which partnerships are used and in developing more robust and useful theoretical frameworks for analysing and improving partnerships.

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TABLE 1 - COMPONENTS OF PARTNERSHIPS

RANGE/EXAMPLES	COMPONENTS	RANGE/EXAMPLES
	PURPOSE	
Exogenous (external resources)	Focus	Endogenous (internal resources)
Employment creation	Aims	Employment redistribution
Single project	Range of activities	Long term programme
Strategic	Level	programme co-operation or one-off' project collaboration
	WHO IS INVOLVED	
Public agencies	Range of Actors	Private, voluntary, 'Third-sector'
Formal (legal contracts-general agreements)	Structure	Informal (overlapping networks)
Top-Down	Process of Mobilisation	Bottom-Up
Unequal power	Power Relationships	'Fair' power relationships
	WHEN	
Pre-development/development	Phase/Stage	Operation
Close partnership	Decision points	Continue partnership
	WHERE	
Geographical area (e.g. small urban area)	Area/Group	Client group (e.g. young unemployed in the region)
	HOW	
Stand alone partnership organisation	Implementation Mechanisms	Agreements influencing existing services

Footnotes

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1 Boyle (1993, p.318) argued that central government waged an ideological, financial and legislative campaign (in relation to urban re-generation) in England with the threefold purpose of: changing the basis of local authority economic intervention; mobilising the private sector into participating in urban re-regeneration; and extending central government influence over public programmes. However, the situation in Scotland and Wales, Bailey (1994, p.295), argued that the operation of policies of local corporatism contrasted with economic liberalism in England, which encouraged greater experimentation in partnership agencies.

2 Hence it can be termed a 'form and function paradox' whereby the multi-functional nature of policies needed to deal with complex issues conflicts with the single or limited function nature of the organisations, resulting in new partnership forms of strategy development and delivery which may then reduce some of the apparent benefits of having individual organisations.

[3] There is danger of the term "partnership" losing much meaning beyond that of being a vague, though benign, platitude. Similar lack of clarity in the use of the term can be seen in other areas. It is important to distinguish partnership from collusion where costs may be deliberately imposed upon third parties.

4 Also no partner or other sector of the community should be worst off, or at least - applying Hicks-Kaldor - they could be compensated from the increased benefits for the amount that they are worse off. However, sometimes the benefits of partnerships are seen in terms of benefits for the organisations involved rather than for the wider society.

5 The authors consider this concept of (unequal) partnership to be quite different from concepts of local coalitions, local co-operation or local governance (King, 1985; Harding, 1991). They stress the need for partnerships to ensure both horizontal integration between agents in different programmes and vertical co-ordination to ensure programmes are effectively operated and they also stress the importance of learning for organisations within a flexible framework that reflects different local circumstances.

6 Such differences may between partners may be disguised in the strategy documents, by including general aims and objectives that meet the wishes of all the partners, but the underlying tensions are likely to arise when specific projects are being developed or implemented.

7 These include co-operation due to central authority, Game Theory and trust and altruism (Fukuyama, 1995) which particularly may be useful in explaining why partnerships might be developed. Network analysis (John and Cole, 1995), theories of bureaucracy, contract theories and strategic alliances literature (mentioned above) can be useful in analysing the setting up and operating partnerships more effectively. While managerial theories and strategy literature can be particularly useful in considering the setting-up and development of partnerships. In urban regeneration theories based upon growth coalitions or local regime theories (Bailey *et al.*, 1995).

 8 If A = the high payoff; B = medium payoff; C = low payoff; D = zero payoff; w = chance for future interaction; then if $w \geq \max[(A-B)/(B-D),(A-B)/(A-C)]$, there exists a Nash equilibrium in which all the players will use tit-for-tat. A Nash equilibrium is that given what the other player has done, then each player makes the best response. It gives a unique solution meeting four conditions: the solution must be independent of the choice of utility function; both players cannot simultaneously do better than the Nash solution, i.e. a Pareto optimal solution; the solution is independent of irrelevant alternatives; and the solution must be symmetrical (i.e. if players swap over the solution remains the same with the payoffs reversed). The game can be extended to a nonzero-sum, n-player, co-operative (i.e. players communicate and can make binding agreements) game (see Straffin, 1977, on voting). Lipman (1986) generalises the Nash equilibrium results to the game Chicken. He argues that there are strong forces pushing players towards mutual co-operation even when they are self-interested and there is no central authority in a modification of the Prisoner's Dilemma, called Chicken. Here each party tries to prevail over the other party through creating fear, rather than in Prisoner's Dilemma where establishing credibility means instilling trust.

9 It is worth finishing with a salutary example of co-operation between antagonists are illustrated in the writings of combatants in the First World War in northern France and Belgium. For example, one British Officer wrote that he was "astonished to observe German soldiers walking about within rife range behind their own line. Our own men appeared to take no notice ... Both sides apparently believed in the policy of 'live and let live'." (Dugdale, 1932, quoted in Axelrod, 1984). However, much of this co-operation came to an end (and deaths rose) when Head Quarters staff ordered raids, so they controlled the actions and stopped the front line troops reciprocating only to actions from the enemy, hence preventing tit-for-tat responses.